

Rural Utilities Service, USDA

§ 1744.21

Subpart E—Borrower Investments

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AUTHORITY: 7 U.S.C. 901 *et seq.*; 7 U.S.C. 1921 *et seq.*; Pub. L. 103-354, 108 Stat. 3178 (7 U.S.C. 6941 *et seq.*).

Subpart A [Reserved]

Subpart B—Lien Accommodations and Subordination Policy

SOURCE: 51 FR 32430, Sept. 12, 1986, unless otherwise noted. Redesignated at 55 FR 39396, Sept. 27, 1990.

§ 1744.20 General.

Recent changes in the telephone industry, including deregulation and technological developments, have caused RUS borrowers and other organizations providing telephone services to consider undertaking projects to provide new telecommunication services. Although certain telecommunication services may not be eligible for financing under the RE Act, these services may nevertheless advance Act objectives where the borrower obtains financing from private lenders. The borrower's financial strength and the assurance of repayment of outstanding Government debt may be improved as a result of providing new telecommunication services. To facilitate the financing of new telecommunication services, RUS is willing to consider accommodating the Government's lien on telephone borrowers' systems or subordinating the Government's lien on after-acquired property of telephone borrowers. This part sets forth RUS

policy with respect to such lien accommodations and subordinations. The policies of this part will also be utilized by the Governor of the Rural Telephone Bank in carrying out the Rural Telephone Bank's loan program.

§ 1744.21 Definitions.

Accommodation means sharing the Government's lien on a *pari passu* or pro rata basis with a private lender.

Act means the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 *et seq.*)

Administrator means the Administrator of RUS. See 7 CFR part 1735.

Advance means transferring funds from RUS or FFB to the borrower's construction fund.

After-acquired property means property which is to be acquired by the borrower and which would be subject to the lien of the Government's mortgage when acquired.

Borrower means any organization that has an outstanding loan made or guaranteed by RUS, or that is seeking such financing. See 7 CFR part 1735.

Construction Fund means the RUS Construction Fund Account required by section 2.4 of the Loan Contract into which all RUS loan funds are advanced.

Disbursement means the paying of money by the borrower out of the construction fund for approved loan purposes.

FFB means the Federal Financing Bank.

FRS means RUS Form 481 (OMB-No. 0572-0023) Financial Requirement Statement.

Hardship loan means a loan made by RUS under section 305(d)(1) of the RE Act bearing interest at a rate of 5 percent per year.

Interim Construction means the purchase of equipment or the conduct of construction under an RUS-approved plan of interim financing. See 7 CFR part 1737.

Interim Financing means funding for a project which RUS has acknowledged will be included in a loan, should said loan be approved, but for which RUS loan funds have not yet been made available.